

## SENATE BILL No. 289

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-26; P.L.224-2003, SECTION 198.

**Synopsis:** Hoosier business investment credit. Removes the economic development for a growing economy (EDGE) board from the administration of the Hoosier business investment tax credit. Provides that the credit is available for hiring new employees. Removes the expiration date for the availability of the credit. Provides that for a pass through entity the proportional amount of the credit to which a partner or shareholder of the pass through entity is entitled is applied against the partner or shareholder's state tax liability.

**Effective:** January 1, 2004 (retroactive).

**Ford**

January 8, 2004, read first time and referred to Committee on Finance.

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Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

## SENATE BILL No. 289

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-3.1-26-13, AS ADDED BY P.L.224-2003,  
2 SECTION 197, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 13. A  
4 taxpayer that:

5 (1) is awarded a tax credit under this chapter by the board; and  
6 (2) complies with the conditions set forth in this chapter and the  
7 agreement entered into by the board and the taxpayer under this  
8 chapter;

9 (1) makes a qualified investment; or

10 (2) creates the number of jobs required under section 13.5 of  
11 this chapter;

12 is entitled to a credit against the taxpayer's state tax liability in a  
13 taxable year.

14 SECTION 2. IC 6-3.1-26-13.5 IS ADDED TO THE INDIANA  
15 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
16 [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: **Sec. 13.5. To**  
17 **qualify for a credit under section 13(2) of this chapter, a taxpayer**

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1 must increase in a particular taxable year the number of the  
2 taxpayer's employees working in Indiana by:

3 (1) at least ten (10), in the case of a taxpayer having at least  
4 one hundred (100) employees on the first day of the taxpayer's  
5 taxable year; or

6 (2) at least ten percent (10%), in the case of a taxpayer having  
7 less than one hundred (100) employees on the first day of the  
8 taxpayer's taxable year.

9 SECTION 3. IC 6-3.1-26-14, AS ADDED BY P.L.224-2003,  
10 SECTION 197, IS AMENDED TO READ AS FOLLOWS  
11 [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 14. (a)  
12 **This section applies only to a taxpayer entitled to a credit under**  
13 **section 13(1) of this chapter.**

14 (b) The total amount of a tax credit ~~claimed~~ **allowed** under this  
15 chapter equals thirty percent (30%) of the amount of a qualified  
16 investment made by the taxpayer in Indiana. **However, the maximum**  
17 **amount of the credit that a taxpayer may claim in the taxable year**  
18 **in which the taxpayer makes a qualified investment may not exceed**  
19 **the taxpayer's state tax liability growth.**

20 (b) ~~In the taxable year in which a taxpayer makes a qualified~~  
21 ~~investment, the taxpayer may claim a credit under this chapter in an~~  
22 ~~amount equal to the lesser of:~~

23 (1) ~~thirty percent (30%) of the amount of the qualified~~  
24 ~~investment; or~~

25 (2) ~~the taxpayer's state tax liability growth.~~

26 (c) The taxpayer may carry forward any unused credit.

27 SECTION 4. IC 6-3.1-26-14.5 IS ADDED TO THE INDIANA  
28 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
29 [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 14.5. (a)  
30 **This section applies only to a taxpayer entitled to a credit under**  
31 **section 13(2) of this chapter.**

32 (b) The total amount of a tax credit **allowed** under this chapter  
33 **equals thirty percent (30%) of the amount of wages and benefits**  
34 **paid to the taxpayer's new employees in the taxable year in which**  
35 **the new employees were first employed. However, the maximum**  
36 **amount of the credit that a taxpayer may claim in the taxable year**  
37 **in which the new employees were first employed may not exceed**  
38 **the taxpayer's state tax liability growth.**

39 (c) The taxpayer may carry forward any unused credit.

40 SECTION 5. IC 6-3.1-26-15, AS ADDED BY P.L.224-2003,  
41 SECTION 197, IS AMENDED TO READ AS FOLLOWS  
42 [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 15. (a) A

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taxpayer may carry forward an unused credit for not more than nine (9) consecutive taxable years beginning with the taxable year after the taxable year in which the taxpayer makes the qualified investment **or hires the number of new employees required under section 13.5 of this chapter.**

(b) The amount that a taxpayer may carry forward to a particular taxable year under this section equals the lesser of the following:

- (1) The taxpayer's state tax liability growth.
- (2) The unused part of a credit allowed under this chapter.

(c) A taxpayer may:

- (1) claim a tax credit under this chapter for a qualified investment **or for hiring the number of new employees required under section 13.5 of this chapter;** and
- (2) carry forward a remainder for one (1) or more:

(A) different qualified investments; **or**

(B) **credits claimed for hiring the number of new employees required under section 13.5 of this chapter;**

in the same taxable year.

(d) The total amount of each tax credit claimed under this chapter may not exceed:

- (1) thirty percent (30%) of the qualified investment for which the tax credit is claimed, **in the case of a taxpayer that qualifies for a tax credit under section 13(1) of this chapter; or**
- (2) **thirty percent (30%) of the amount of wages and benefits paid to the taxpayer's new employees in the taxable year in which the new employees were first employed, in the case of a taxpayer that qualifies for a tax credit under section 13(2) of this chapter.**

SECTION 6. IC 6-3.1-26-16, AS ADDED BY P.L.224-2003, SECTION 197, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 16. If a pass through entity does not have state tax liability ~~growth~~ against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit **against the shareholder's or partner's state tax liability** equal to:

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

SECTION 7. IC 6-3.1-26-19, AS ADDED BY P.L.224-2003, SECTION 197, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 19. A

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1 person is not entitled to claim the credit provided by this chapter for  
 2 any jobs that the person relocates from one (1) site in Indiana to  
 3 another site in Indiana. ~~Determinations under this section shall be made~~  
 4 ~~by the board.~~

5 SECTION 8. IC 6-3.1-26-27 IS ADDED TO THE INDIANA CODE  
 6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
 7 JANUARY 1, 2004 (RETROACTIVE)]: **Sec. 27. To receive the credit**  
 8 **provided by this chapter, a taxpayer must claim the credit on the**  
 9 **taxpayer's annual state tax return or returns in the manner**  
 10 **prescribed by the department of state revenue. The taxpayer shall**  
 11 **submit to the department of state revenue all information that the**  
 12 **department of state revenue determines is necessary for the**  
 13 **calculation of the credit provided by this chapter and for the**  
 14 **determination of whether the taxpayer has made a qualified**  
 15 **investment as required under section 13 of this chapter or hired the**  
 16 **required number of new employees under section 13.5 of this**  
 17 **chapter.**

18 SECTION 9. THE FOLLOWING ARE REPEALED [EFFECTIVE  
 19 JANUARY 1, 2004 (RETROACTIVE)]: IC 6-3.1-26-2; IC 6-3.1-26-3;  
 20 IC 6-3.1-26-5; IC 6-3.1-26-12; IC 6-3.1-26-17; IC 6-3.1-26-18;  
 21 IC 6-3.1-26-20; IC 6-3.1-26-21; IC 6-3.1-26-22; IC 6-3.1-26-23;  
 22 IC 6-3.1-26-24; IC 6-3.1-26-25; IC 6-3.1-26-26.

23 SECTION 10. P.L.224-2003, SECTION 198, IS AMENDED TO  
 24 READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004  
 25 (RETROACTIVE)] (a) Subject to carryovers authorized by  
 26 IC 6-3.1-26-15, as ~~added~~ **amended** by this act, IC 6-3.1-26, as ~~added~~  
 27 **amended** by this act, applies to taxable years beginning after  
 28 December 31, 2003. ~~and ending before January 1, 2006.~~

29 **(b) IC 6-3.1-26-13.5, IC 6-3.1-26-14.5, and IC 6-3.1-26-27, all as**  
 30 **added by this act, apply to taxable years beginning after December**  
 31 **31, 2003.**

32 SECTION 11. **An emergency is declared for this act.**

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